

Date: 4 Nov 67

From Sherman Kent

To: Director.

Though you might be glad  
to have this in your pocket  
if Panama came up. We've  
sent a copy to Rufus as  
well as this one to you.

No other circulation  
contemplated.

SK

Sherman Kent

Please up-date this,  
at least by changing  
the date to 13 Nov,  
and send it under  
a blue chit. from  
me to Bush, McNamara,  
+ Doctor.

mt  
The Director:

Pls sign blue notes.

CE

S-E-C-R-E-T

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

13 November 1967

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Another Look at Panama and the Treaties

1. The political maneuvering now underway in Panama in preparation for the presidential election of 1 May 1968 is increasing the chances of civil disorder and has virtually eliminated any chance of progress on the draft Canal treaties -- at least until after a new Panamanian president takes office in October 1968.

2. President Robles cannot succeed himself, and his political influence is waning. It is now probable that the fragile coalition of eight parties which represents Panama's social and economic elite and which has supported him will not hold together until election time. It may be that the four which have declined to back either of the two candidates suggested by Robles will complete the negotiations they have begun with Arnulfo Arias and actually align themselves with his Panamenista mass movement.

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Excluded from automatic downgrading and declassification

*Copy to Sec State  
Sec Def*

*(From Harro files)*

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It may be that the elite parties will still manage to come up with a compromise candidate and thus somewhat reduce the number of defections to the opposition. In either case, the loss of strength for the coalition will improve Arnulfo's position and probably will make him the odds-on favorite to win -- should the election be free and fair.

3. Six months in advance of election day, no one can be confident that the election will be free in the sense that the campaigning and voting will be allowed to proceed without hindrance or intimidation. Even if the election is free in this sense, it is unlikely to be fair -- that is, the government will try to manipulate the returns to its advantage. That is the established custom of the country, and Panama uses an extraordinarily complicated voting system designed for this purpose. The government could be thwarted in this only if the vote for the winning candidate were to be so large that it could not be overcome by subtle manipulations. Only Arnulfo Arias has any chance of winning by such a landslide. If that were to appear to be the prospect, the Guardia Nacional might act to nullify the election. The Guardia Nacional, Panama's only armed force, is led by General Bolivar Vallarino, who is closely affiliated with the elite, has presidential ambitions of his own,

- 2 -

S-E-C-R-E-T

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and in the past has shown determination to keep Arnulfo from office.

4. If the government resorts to patent intimidation or manipulation or if the Guardia uses force to negate the election result, serious disorders will occur. Even without such provocation, there will be considerable danger of disorders as the campaign proceeds, and some danger that they will spill over into the Canal Zone.

5. The chances for approval of the Canal treaties were not good even before the recent deterioration of the political situation. Now the Robles government cannot afford to press for their acceptance. Indeed, it is more likely to insist that changes be made involving further concessions to Panama. In short, no progress on the treaties is to be expected in Panama before the elections. Nor is any likely in the lame-duck period between the election and the scheduled inauguration of the new president on 1 October 1968. Such political leverage as Robles still has will probably be entirely gone in those months, and, whoever the new president may be, he is sure to want his own stamp on the treaties before their ratification is considered.

6. The general Panamanian attitude on the issue of the new treaties is strongly emotional and nationalistic, and not

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particularly rational. The present draft treaties represent a long and helpful advance for Panama's interests from the 1903 Treaty, which, though slightly modified, still prevails. But actual sentiment in Panama, and the arguments vehemently expressed by the Panamanian press and by many government officials, have strongly opposed the draft treaties. In effect, the Panamanians now want considerably more from the US than they might have been willing to settle for two or three years ago. And they seem inclined to keep raising their demands as time passes.

7. What most Panamanians have failed to appreciate is that even the present draft treaties constitute such a far-reaching set of changes in their favor that obtaining the necessary approval of the US Congress would be extremely difficult. For one thing, the longtime US employees of the Canal Zone are a potent pressure group for maintaining the status quo. For another, some US legislators have already begun efforts to organize opposition to the draft treaties or any like them. For these reasons, US negotiators would probably have little freedom to consider making additional concessions to satisfy Panama's demands. To put it bluntly,

- 4 -

S-E-C-R-E-T

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there may be room for maneuver in changes which are essentially cosmetic; there is little or none in changes which are essentially substantive.

8. Prospects are thus far from bright for new Canal treaties, whoever becomes the new president of Panama. A man representing the elite elements might not press hard for additional concessions other than cosmetic ones; he might or might not have problems getting the treaties ratified in the National Assembly, but he would have serious difficulty "selling" them to the Panamanian public. If the new president is Arnulfo Arias, he will almost certainly be sticky for the US to deal with on this, as on various other matters. On the other hand, he clearly would like to be the man who could achieve historic new treaties with the US. It should be noted, in this regard, that he has refrained from identifying himself with specific criticisms of the draft treaties or from a strongly anti-US posture generally. And he would probably have the best chance of anyone in Panama to get new treaties accepted by most of the populace.

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FOR THE BOARD OF NATIONAL ESTIMATES:

SHERMAN KENT  
Chairman

- 5 -

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